# Government of Canada Transformation of Pay Administration (TPA) Initiative

## Hot Topics: Government of Canada's Pay Transformation

Presentation to:     Financial Management Institute (FMI) PD Week

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# Government of Canada

Over 100 departments and agencies

Pay services for over 300,000 employees

**Government of Canada**

*One of the largest payroll administrators in the country*

27 collective agreements

Approximately 9 million annual transactions ($20+ Billion)

# Why Modernize GC Pay Administration

**Aging Technology**

40-year-old technologies and architecture

**Loss of Knowledge**

Attrition of compensation and IT staff with specialized knowledge of highly customized systems

**Fragmented Processes & Technology**

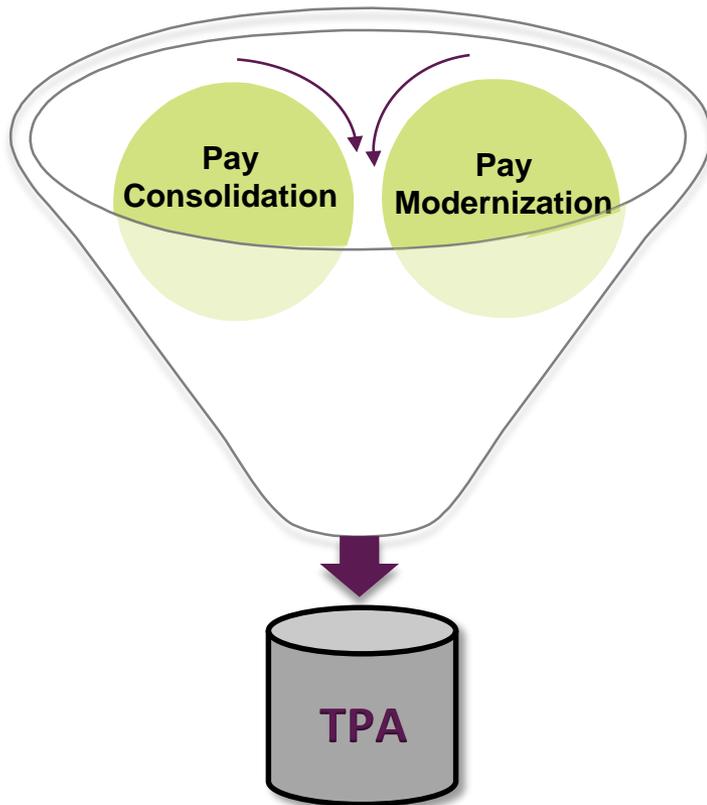Varying pay processes across departments and duplicate data entry, resulting in inefficiencies and delays

**Employees Requesting Enhanced Service Delivery**
Increasing employee expectations and demands for better service delivery options

# Transformation of Pay Administration (TPA) Initiative

## Pay Modernization

Replace the more-than-40-year-old pay system with Phoenix, a modern commercial off-the-shelf solution (PeopleSoft); and apply industry-standard business practices.

## Pay Consolidation

Gradually consolidate pay services from departments and agencies using, or planning to use, the government-endorsed PeopleSoft HR system, to the Public Service Pay Centre in Miramichi, New Brunswick.

## Overall Strategic Outcome

Ensure the long-term sustainability of GC pay administration and services. When fully implemented, TPA Initiative will generate savings of over $70 million per year.

Pay Consolidation

Pay Modernization

TPA

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# Pay Transformation in Federal Context

## Federal Pay is Complex

- 27 collective agreements with 15 different bargaining agents
- 80,000 business rules to be built in a pay system

## Integration/Interfaces Complex

- Departments use different versions of PeopleSoft HR (integration) and others have completely different HR systems.
- Over 70 interfaces with internal/external parties (i.e. Pension and insurance providers)

## Organizational Environment is Large & Complex

- Changes to the pay system and processes impact every department, agency and several third parties
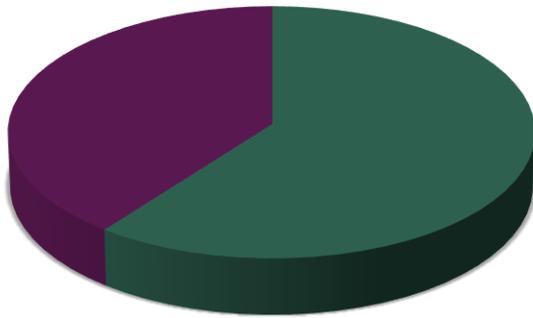- There is a variability in processes used in different departments

## Change Management is Extensive

- Extensive readiness preparations required by departments (people, processes, data and technology) to be ready for new system/ processes
- Change impacts compensation workforce, its size, location and nature of work
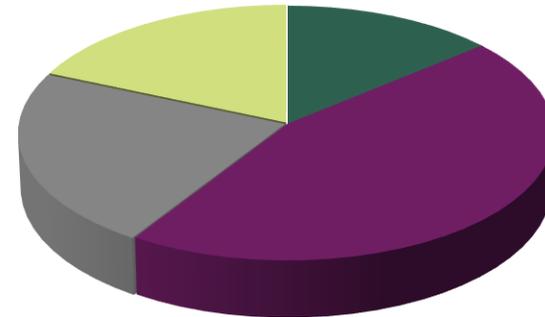
# TPA Initiative Total Costs and Savings

**Total Cost** :
$309.5 million

**Total Savings***
Over $70M/year

*Total Annual Savings from efficiencies for Treasury Board Secretariat to harvest, starting in 2016-17.*



- Pay Modernization $**186.6M**
- Pay Consolidation $**122.9M**

- Standardization and economies of scale
- Seamless integration between PeopleSoft HRMS (GC) and Phoenix
- Employee/manager self-service capabilities
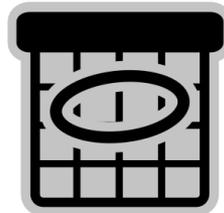- Process changes and increased automation

# TPA Status

## Pay Consolidation

**On schedule, on budget and on scope**

92,000 pay accounts being gradually transferred to the Pay Centre

Project close out in December 2015

## Pay Modernization

**On budget and on scope**
Schedule adjusted by 2 months

Additional 92,000 pay accounts to be transferred upon implementation of the new pay system

Project completion date of April 2016

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# Impact on Workforce / Continuity of Services

- During the implementation of the new pay system and consolidation of pay services in Miramichi, it is imperative to ensure the sustainability of pay services and to provide support to employees throughout the transition.

- Departments have adopted a GC enterprise-wide workforce management approach.
  - Maximizing employment opportunities for affected compensation staff is key while ensuring pay services are not disrupted.

- In total, 1,389 compensation employees affected across government
  - **57%** managed through attrition/retirements
  - **28%** working through individual workforce strategies
  - **9%** received a Guaranteed Reasonable Job Offer from their department
  - **6%** found employment in other departments.
  - No employees left involuntarily

- Employment and Business Continuity Steering Committee continues to help employees wishing to remain in compensation find alternative employment.

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# Business Processes and Procedures

- Pay modernization will change roles and responsibilities, processes and procedures and the Pay Centre control framework.

- Enterprise approach:

  - The new pay system adopts the Common Human Resources Business Process (CHRBP) established by TBS: pay processes were standardized based on recognized industry standards and aligned to existing policies and legislation.

  - Pay processes are also aligned to the Pay Administration Control Framework established by the Office of the Comptroller General (OCG).

- Main objective is to ensure accuracy, integrity, consistency and timeliness of pay services and mitigate pay administration risks.

# TPA: Main Challenges

- **Multi-year initiative:** Maintaining momentum over long haul (2009 – 2016). Ensuring continuity of leadership. Overcoming loss of expertise due to high staff turnover within project and client departments.

- **Contain costs:** Working with vendor to plan cost estimates during planning/managing cost variances during implementation.

- **Complexity of business** in federal context and **overcoming systemic challenges**. Federal pay is complex. Changes to collective agreements, policies and legislation are ongoing.  Some departments have highly customized systems and processes in place.

- **Horizontal government-wide initiative** requires substantial change management/ business transformation support.

- **Integration points and dependencies:** Success of the project relies heavily on ensuring accuracy of data in the legacy pay system and its alignment with data in HRMS, prior to data conversion to the new system.  New pay system will be integrated with HRMS.

# Lessons Learned to Date

**1.** **Strong governance and oversight**
Hands-on oversight at the senior management levels facilitates responsive, decisive decision making to deliver project's scope on time and within budget.

**2.** **Strong negotiation skills**
Leverage knowledge and expertise in leading negotiations with the private sector vendor to ensure outcomes are to the advantage of the Crown.

**3.** **Strong financial management discipline: Plan for the unexpected**
Prudent management of funds by increasing the contingency envelope. As a result, the project is well prepared to mitigate risks, unforeseen issues & challenges.

# Lessons Learned to Date

**4.** **Clear Accountabilities/Responsibilities**
Clear accountabilities between Crown, vendor and key partners (i.e. Shared Service Canada for infrastructure; Office of the Chief Human Resources Officer for business processes, Canada School of Public Service for training) is essential.

**5.** **Strategic Risk Taking**
Risk-focused governance approach results in the successful management and mitigation of the risks.

**6.** **Communication with Stakeholders**
A substantial level of communication is required to engage stakeholders, both internally and externally. The project initially underestimated the level and extent of required communication and subsequently adopted a more comprehensive engagement plan.

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# Lessons Learned to Date

**7.** **Phased Implementation**
Phased implementation approach will help the project team learn from each successive phase to implement the next phase more effectively.

**8.** **Co-locating Crown and Vendor**
Co-locating Crown and vendor teams enables greater information exchange between technical and business experts and allows more expedient issue resolution.

**9.** **Preparing Departments for the Transition**
Departments require ongoing support to perform all preparations and transition activities. Departmental readiness is one of the keys to the success of the project.

**10.** **Believe!**

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# Final Considerations

- ✓ **Ensure you have solid contingency plans** (and funding) in place in the event of go-live being delayed.

- ✓ **Plan for work to take more time** than expected.

- ✓ **Expect obstacles**. Anticipate potential pitfalls and include potential solutions in your overall plan.

- ✓ **Be agile.** Ensure you have flexibility built in to allow for course corrections.

- ✓ **Continually seek input** from stakeholders.

- ✓ **Make the necessary changes** and **communicate them widely**.

# Questions and Discussion

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